



Australian Bureau of Statistics

1371.0 - Book Retailers, Australia, 2001-02

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Summary

Main Features

CHAPTER 1 INTRODUCTION

Scope

This publication presents data in respect of the 2001-02 financial year from an Australian Bureau of Statistics survey of employing businesses involved in the retail sales of books. The survey is based on data collected from businesses classified to the following industries in the Australian and New Zealand Standard Industrial Classification (ANZSIC) (see paragraph 2 of the Explanatory Notes):

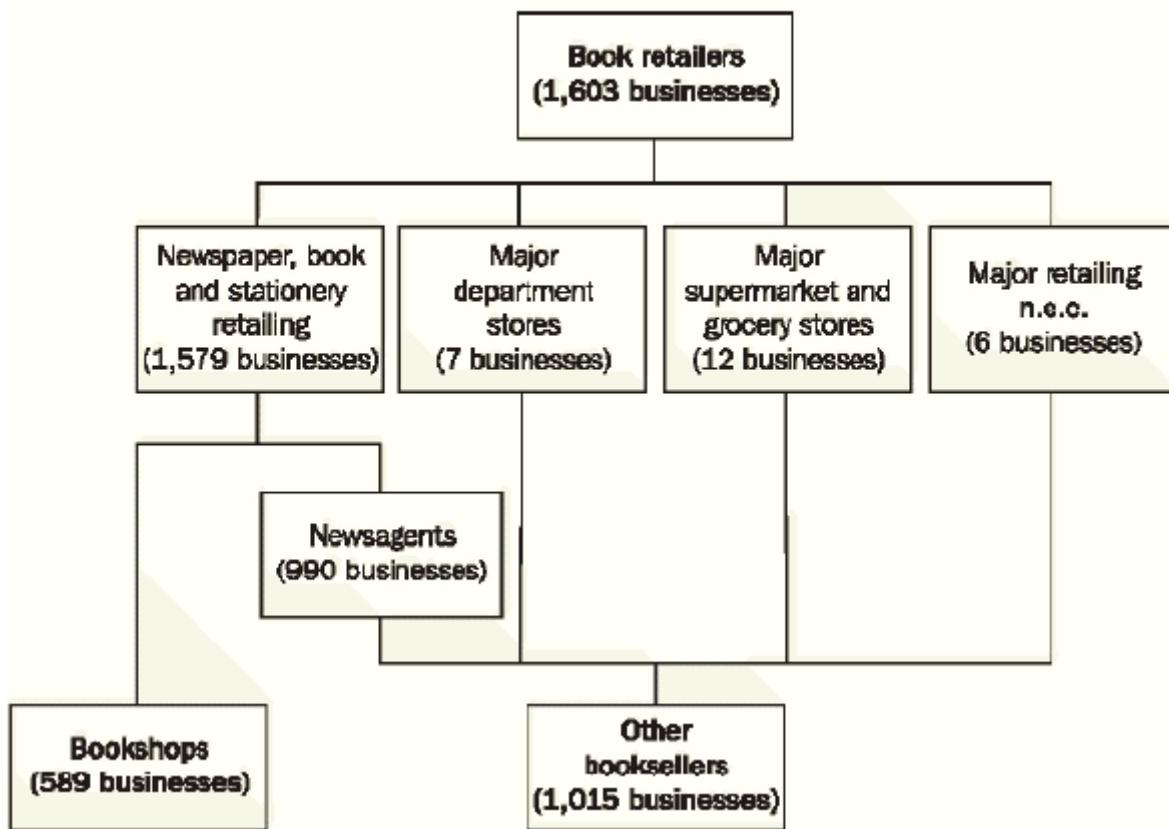
- **Supermarket and grocery stores** (ANZSIC 5110)
- **Department stores** (ANZSIC 5210)
- **Newspaper, book and stationery retailing** (ANZSIC 5243)
- **Retailing n.e.c.** (ANZSIC 5259).

Only the larger retailing businesses (those with 200 or more employees) classified as **Supermarkets and grocery stores**; **Department stores**; and **Retailers n.e.c.** have been included as the book retailing activity of smaller businesses in these industries is negligible.

Businesses classed as **Newspaper, book and stationery retailing** (5243) have been further categorised as either 'Bookshops' or 'Newsagents' based on their level of bookselling activity. In this ANZSIC class, those businesses with new book sales comprising at least 50% of their total retail sales have been categorised as 'Bookshops' while those with less than 50% have been categorised as 'Newsagents' (see paragraph 8 of the Explanatory Notes).

Many businesses operate from more than one location; however, only the activity of locations in Australia have been included in the collection. All book sales by overseas businesses selling directly to final consumers through the Internet or mail order have been excluded from the collection.

OVERVIEW OF BUSINESSES IN SCOPE OF THE BOOK RETAILING SURVEY



Content

Chapter 2 of this publication summarises the book retailing activities of all book retailers indicated above. Apart from providing data on the number and value of books sold, the Chapter gives selected financial information on the book related operations of retailers. Information is also provided on the adoption of technology by these booksellers.

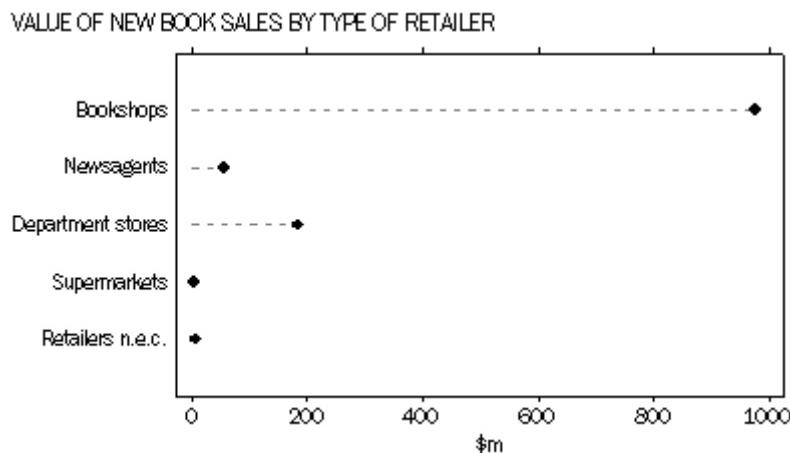
Many of the book retailers included in the survey sell a variety of other goods often making it difficult to separate the costs involved and levels of employment associated with just the sale of books. Detailed information is presented on the business operations of retailers with a predominant activity of selling books. Chapter 3 focuses on these bookshops which were responsible for the majority (80%) of the value of book sales in 2001-02.

CHAPTER 2 BOOK RETAILERS

Overview

Sales of books valued at \$1,226.2m were reported by the 1,603 employing businesses identified as having retail bookselling activity in 2001-02. The majority of these businesses were newsagents (990 businesses) responsible for 5% (\$55.3m) of the value of book sales. Most of the income from book sales (80% or \$975.8m) was generated by the 589 businesses classified as bookshops. Major department stores (7 businesses), supermarkets (12) and retailing businesses n.e.c. (6), representing less than 2% of the businesses involved in book sales, were responsible for the remaining 16% of the value of books sold (tables 2.1 and 2.2). Smaller department stores, supermarkets and retailing businesses n.e.c. were

previously found to have negligible book sales and were therefore excluded from the survey (see paragraph 4 of the Explanatory Notes).



While there were increases in most of the major data items between the years 2000-01 and 2001-02, few of these were statistically significant and thus may not represent real changes over time (see paragraph 25 in the Explanatory Notes). One of those items which did exhibit significant movement, the total number of businesses reporting book sales, increased by 25% (318) in 2001-02. Booksellers other than bookshops (particularly newsagents) were largely responsible for this increase with an additional 274 businesses reporting book sales. The addition of these businesses did not result in comparable increases in other data items such as income and expenditure, as a large proportion reported minimal sales of books. As an example, of the 274 additional businesses, 196 classified as newsagents reported selling less than \$10,000 worth of books each or less than \$2m of the total value of book sales (table 2.1).

While the overall retail sales by book retailers remained stable between 2000-01 and 2001-02, the income they derived from activities such as wholesale sales and income from services fell significantly, by 45% from \$4,725.0m to \$2,608.1m. Booksellers other than bookshops were largely responsible for the decrease (table 2.1).

Although more businesses were involved in book retailing in 2001-02, there was no corresponding increase in the overall level of expenditure or income. Consequently, average expenses for total businesses fell from \$39.4m in 2000-01 to \$31.1m in 2001-02. The average sales of new books by newsagents, department stores, supermarkets and retailers n.e.c. also fell, by 50% to \$0.2m in 2001-02 (table 2.1).

Number of books sold

In total, book retailers sold over 69 million new books to final consumers. Over 61% (42.7million) of these books were sold by bookshops. In comparison, department stores were responsible for 29% (20.4million) of the books sold; newsagents, 5% (3.5million); and businesses classified as supermarkets and retailing n.e.c., a total of 4% (2.9million) (tables 2.1and 2.2).

The average sale price of books varied across the different types of retailers. The price of a new book from a bookshop was \$23 compared with \$16 from a newsagent, \$9 from a department store and \$4 from the remaining booksellers. The difference in the average price

tends to reflect the types of books being sold by the different retailers (tables 2.1and 2.2).

Income

While book retailers reported a total income of \$52,018.6m, the majority of that amount (\$50,792.4m or 98%) was not from the sale of books. The importance of book sales to the overall operations of businesses varied substantially for the different types of book retailers. Bookshops generated 87% of their income from the sale of new books. In contrast, newsagents relied on new book sales for 5% of their income while for department stores, supermarkets and retailing businesses n.e.c., new book sales were around 1% or less (tables 2.1and 2.2).

On average, individual bookshops had income of \$1.7m from the sale of new books and another \$0.2m from other sales and services. In comparison, each newsagent earned on average \$0.1m from book sales and \$1.0m from other activities. While the seven larger department stores reported an average value of new book sales of \$26.3m, this was relatively small when compared to their overall average income of \$1,943.4m. The larger supermarkets reported an average value of new book sales of \$0.3m and the larger retailing businesses n.e.c. an average of \$1.2m-both also relatively small figures compared to their overall incomes of \$2,951.8m and \$137.0m respectively (tables 2.1and 2.2).

Almost all (98%) new book sales were printed books, although \$21.4m of electronic and audio books were also sold. As the survey only covers Australian businesses (i.e.businesses operating within Australia), it is not possible to determine the overall level of consumption of electronic or audio books as these items are sometimes purchased using the Internet directly from overseas businesses (table 2.3).

In 2000-01, the Educational Textbook Subsidy Scheme was introduced to assist students at Australian educational institutions. Under the Scheme, book retailers gave discounts to students for textbooks on prescribed lists and then claimed back the value of the discount from the Commonwealth Government. Book retailers claimed \$7.2m in return for discounts provided to students. Bookshops claimed \$7.1m of this amount compared to \$0.1m by other booksellers (table 2.3).

Expenses

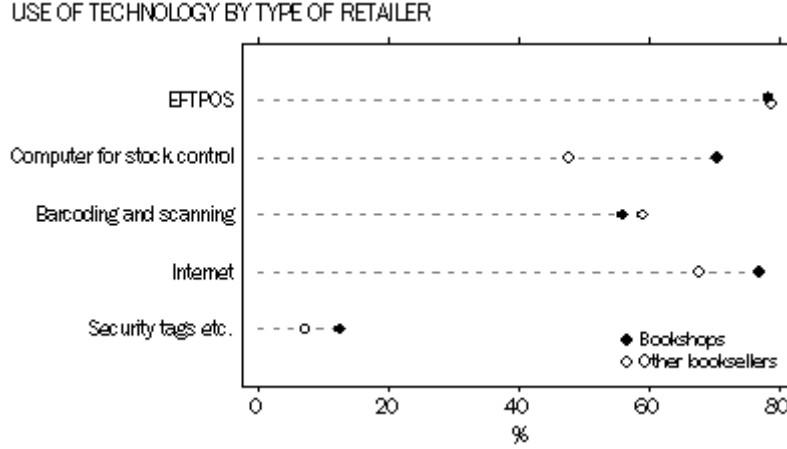
For most book retailers, it is not possible to separate expenditure on bookselling from expenditure on the sales of other products. This is particularly true for department stores and supermarkets which sell a wide range of products and for which new book sales are generally only a very small part of their total sales. Therefore the total expenditure by book retailers (\$49,937.1m) is not solely related to the selling of new books. One distinguishable book related expense for book retailers is the purchase of books. In 2001-02, book retailers spent \$817.1m or 2% of their total expenditure on purchasing new books. Over 75% of this amount was spent by bookshops, 19% by department stores, 5% by newsagents and a total of 1% by the businesses classified as supermarkets and retailing businesses n.e.c.. On average, bookshops spent \$1.0m each, or a total of \$613.8m, on the purchase of new books, while the other book retailers spent an average of \$0.2m each or a total of \$203.2m (tables 2.1and 2.2).

Book retailers purchased most (95% or \$774.3m) of their new books from Australian suppliers. Bookshops purchased a total of 39.9 million new books at an average price of \$15. By comparison, other book retailers purchased 28.2 million books at an average price of \$7. This difference in price between the cost of new books purchased by bookshops and

by other booksellers highlights the likely difference in the types of books being sold (table 2.4).

Use of technology

In 2001-02, 90% of book retailers used computers and a range of selected other technologies, including EFTPOS (Electronic funds transfer at point of sale), barcode scanning systems and electronic security systems, in the operation of their business. Over 92% of the bookshops reported using at least one of the technologies compared with 89% for the other booksellers (table 2.5). Over three-quarters (79%) of the book retailers had EFTPOS devices allowing consumers to purchase books using their credit cards. Barcoding and scanning systems, used to record revenue and also for stock control, were used by 58% of businesses while electronic article surveillance or security tag systems were used by 9% of businesses (table 2.5).



CHAPTER 3 BOOKSHOPS

Introduction

This Chapter provides detailed information on the operation of bookshops including their income, expenditure, profitability and employment.

Overview

In 2001-02, there were 589 employing businesses classified as bookshops because they reported that their new book sales were at least 50% of their total retail sales. These businesses operated from 895 retail locations around Australia (table 3.8). The larger businesses (those with 20 or more people in employment), while representing only 7% (41 businesses) of the total number of bookshops, had 57% (\$557.7m) of the total income from new book sales and sold 49% (21.0 million) of the books. They also incurred 61% (\$675.7m) of the expenses (table 3.2).

For 2001-02, bookshops recorded an operating profit before tax of \$32.8m and a profit margin of 2.9%. Despite their higher proportion of total income, larger businesses did not generate a higher profit margin than the smaller businesses (those with 0-19 persons employed). The profit margin for smaller businesses (4.2%) was double that of the larger businesses (2.1%) (table 3.2).

Bookshops recorded increases for most items between 2000-01 and 2001-02, however only

four of those increases were statistically significant (see paragraph 25 of the Explanatory Notes). Other retail sales increased by 69% to \$112.4m with an associated increase in other purchases of 84% to \$77.6m in 2001-02. Industry value added, which is a measure of the value an industry adds to the overall economy, rose by 30% to \$219.9m. Floor space also rose, by 35% to 261,200 square metres, partly due to the increased number of businesses (table 3.1).

Income

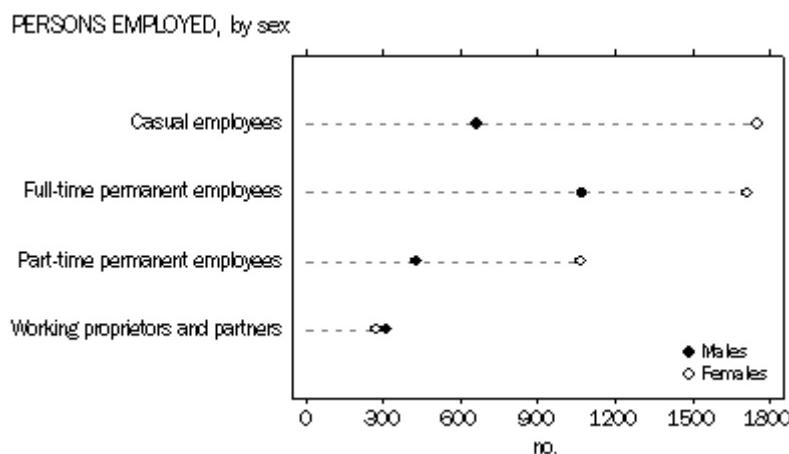
Bookshops reported a total income of \$1,119.0m of which 87% (\$975.8m) was from retail sales of new books. New book sales were supplemented by retail sales of other goods (including second-hand books) (\$112.4m); the Educational Textbook Subsidy Scheme (\$7.1m); the sale of services (\$5.0m); and other sources such as wholesale sales and income from royalties (\$18.8m) (table 3.3).

Expenses

The total expenses for bookshops were \$1,099.4m in 2001-02. The purchase of goods for resale represented 63% (\$690.0m) of total expenses which included \$613.8m for the purchase of new books. Wages and salaries were 14% (\$152.1m) of total expenses. A further 2% (\$22.5m) was spent on other labour costs. There was a range of items covering the remaining 21% of costs including \$69.0m for rent, leasing and hiring; \$15.6m for advertising and \$14.3m for depreciation and amortisation (table 3.4).

Employment

At the last pay period ending June 2002, bookshops had a total employment of 7,286 people. This comprised 585 working proprietors and partners and 6,701 employees. Of the employees, the highest proportion were permanent full-time (42% or 2,788 employees) followed by those employed casually (36% or 2,417 employees) and those employed as part-time permanent employees (22% or 1,495 employees). Of the total employed, almost two-thirds (4,812) were female with 36% of those being casually employed (table 3.7).



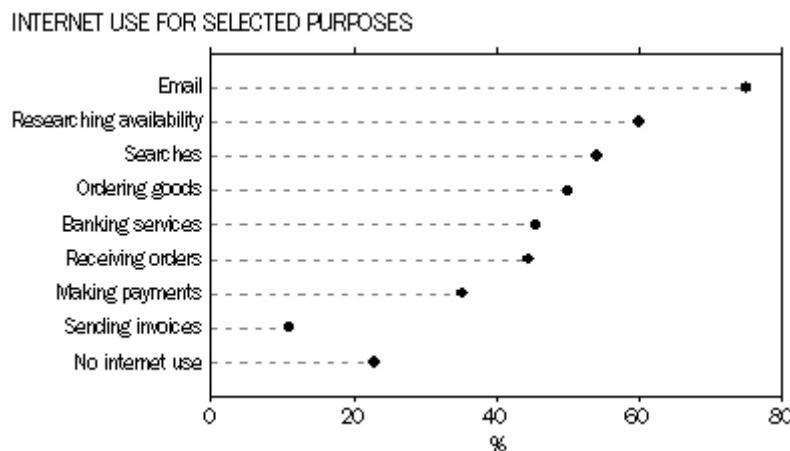
State and territory data

Data were collected for the Australia-wide operations of each business. Businesses

operating in more than one state or territory were asked to provide a state and territory breakdown for several key data items. Victoria reported the highest number of businesses (211). New South Wales reported the largest employment figures (2,512 people) although their costs for wages and salaries were similar to those of Victoria. The 895 bookshop locations each covered an average of 292 square metres of floor space or 261,200 square metres in total (table 3.8).

Use of technology

Bookshops reported using the Internet for a variety of activities, with the most common being emailing (75% of bookshops); for researching the availability and cost of goods and services (60%); for bibliographic and other information searches (54%); and for ordering goods and services (50%). Over 3% of bookshops reported taking advantage of the Internet's ability to deliver products such as electronic and audio books electronically. Over 48% of bookshops indicated that they had either their own website, home page or some other type of presence on the Internet (table 3.9).



About this Release

ABOUT THIS RELEASE

Provides details from a survey of businesses involved in the retail sale of books. The publication presents financial and employment data for businesses whose predominant activity is selling books. In addition, data is provided on the volume and sales of books by these businesses and other book sellers such as department stores and supermarkets.